


BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2002-173-C - ORDER NO. 2003-100  
MARCH 3, 2003

IN RE:	Application of TELLISS, LLC for a Certificate	)	ORDER GRANTING
	of Public Convenience and Necessity to Transact	)	CERTIFICATE TO
	the Business of a Reseller of Interexchange	)	PROVIDE RESOLD
	Telecommunications Services and for Modified	)	INTEREXCHANGE
	Alternative Regulation.	)	SERVICES AND
		)	MODIFIED
		)	ALTERNATIVE
		)	REGULATION



This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of TELLISS, LLC (“TELLISS” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold interexchange telecommunications services within the State of South Carolina. TELLISS requests that the Commission regulate the Company’s long distance business services, consumer card services, operator services and private line service offerings in accordance with the principles and procedures established for relaxed regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Order No. 2001-997 in Docket No. 2000-407-C (now known as “modified alternative regulation”). The Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2001) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed TELLISS to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of the Company's application and of the manner and time in which to file the appropriate pleadings for participation in the proceedings. TELLISS complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or protests regarding the application were received by the Commission.

A hearing was convened on February 6, 2003, at 11:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable Mignon Clyburn, Chairman, presided. TELLISS was represented by Bonnie D. Shealy, Esquire. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff.

Terry Ballantini, President of TELLISS, LLC, appeared and testified on behalf of the Company. Mr. Ballantini has more than fourteen years experience in telecommunications. Mr. Ballantini is also the Chief Executive Officer of the Company. His duties include, but are not limited to, presiding at all meetings of the shareholders and the Board of Directors, and directing the policies and management of the Company. From 1995-2001, Mr. Ballantini served as the President and Managing Partner of American Telecommunications, Inc. with marketing efforts toward affinity type marketing groups such as colleges, airline companies and member-based organizations. From 1994-1995, Mr. Ballantini was the Vice President of Call-1-800, Inc., where his duties included production set-up, brochure design, implantation, quality control, marketing negotiations, and other affairs. Mr. Ballantini presented testimony regarding

the Company's managerial, technical, and financial resources to provide telecommunications services in South Carolina.

According to Mr. Ballantini, TELLISS is an Indiana limited liability company. On March 12, 2002, TELLISS was issued, by the South Carolina Secretary of State, a Certificate of Authority to transact business in the State of South Carolina. TELLISS has been in business for approximately eight years in Indiana. The Company is authorized to provide telecommunications services in forty-two states.

In explaining the services which TELLISS intends to offer, Mr. Ballantini testified that TELLISS proposes to provide a full range of twenty-four hour interexchange telecommunications services, specifically, 1+ interexchange telecommunications. TELLISS intends to provide MTS, in-WATS, out-WATS, and calling card services.

According to Mr. Ballantini's testimony, TELLISS has sufficient technical and managerial resources and ability to provide the telecommunications services for which authority is sought. The Company has eight employees. Mr. David Endress is the Company's sales manager. Mr. Ballantini's wife, Phyllis Annette Ballantini, is the Company's Chief Financial Officer. Mrs. Ballantini previously worked for One Call. Additionally, Mr. Ballantini testified that TELLISS contacts the underlying carrier immediately if a technical problem arises. TELLISS interfaces with the underlying carrier Global Crossing.

With regard to the financial qualifications, Mr. Ballantini presented updated financial statements to illustrate the Company's financial resources. The updated

financial statements presented at the hearing show the Company's total current assets as \$54,142.08 and its total current liabilities as \$12,078.94 – both of these figures represent, in part, the Company's financial standing as of June 30, 2002. The Company also expects to earn between \$200,000-\$400,000 per month from a Utah customer named Telecom Partners.

TELLISS has a policy of responding to any billing or service inquiries within twenty-four hours. In the event that the inquiry requires further investigation on the part of the service representative, the customer is advised of the reasons for additional inquiries and is given an approximate date by which the inquiry will be addressed. TELLISS provides a toll-free customer service number at 866-835-5477. Further, TELLISS performs all billing in-house. The Company has residential and business customers. TELLISS' customer service department is available through the toll-free number and the Internet. The hours of operation for the customer service center is 8 to 5, Monday through Friday. After hours, customers can contact Global Crossing directly. TELLISS markets its services through agents and subcontractors who are based in Indiana. The Company does not utilize radio or television advertisements to market its services. Print ads are done with local vendors. TELLISS verifies that a customer wants to use their services through a written letter of authorization and a phone conversation with the new customer. The Company does not utilize telemarketing.

TELLISS indicates a desire to have its long distance business services, including consumer card services, operator services, and private line services offerings regulated by modified alternative regulation. TELLISS requested that all of its long distance business

service offerings be regulated pursuant to the procedures described and set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. It is TELLISS' intent by this request to have its long distance business services regulated in the same manner as this Commission has permitted for AT&T Communications of the Southern States. Alternative regulation has now been modified by this Commission through the re-imposition of rate caps with regard to certain "operator assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls.

According to the Application and Mr. Ballantini's testimony, TELLISS seeks a waiver from the Commission Rules and Regulations. TELLISS requests a waiver of 26 S.C. Code Regs. 103-610 (1976) so that it may maintain its records outside of South Carolina. Specifically, TELLISS seeks to maintain its books and records at its headquarters office in Indiana. Mr. Ballantini stated that TELLISS will maintain a registered agent in South Carolina and that TELLISS will bear any costs associated with the Commission's inspection of TELLISS' books and records. TELLISS also requests that it be allowed to keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

According to Mr. Ballantini, TELLISS has never had authority denied in any state where it has applied for authority nor has TELLISS had authority revoked in any state where it has been granted authority. Additionally, TELLISS has never been the subject of an investigation nor been fined or sanctioned by a state or federal regulatory body. The testimony also reveals that TELLISS has not marketed its services in South Carolina prior to receiving certification. Finally, Mr. Ballantini stated that TELLISS will abide by all the Commission's rules, regulations and Orders, upon receiving certification, to operate as a telecommunications provider in South Carolina.

After full consideration of the applicable law, TELLISS' Application, and the evidence presented at the hearing, the Commission hereby issues its Findings of Fact and Conclusions of Law:

#### **FINDINGS OF FACT**

1. TELLISS is a privately-held corporation duly organized and existing under the laws of the State of Indiana and has been authorized to do business in the State of South Carolina by the Secretary of State.

2. TELLISS is a provider of interexchange telecommunications services and wishes to provide its services in South Carolina.

3. TELLISS has the managerial, technical, and financial resources to provide the services as described in its application.

4. The Commission finds that TELLISS should be granted a waiver of 26 S.C. Code Regs. 103-610 requiring that reports and records be maintained within the State of South Carolina.

5. The Commission finds it appropriate for TELLISS to maintain its books and records using Generally Accepted Accounting Principles (GAAP) rather than the Uniform System of Accounts (USOA) as developed by NARUC.

### **CONCLUSIONS OF LAW**

1. The Commission concludes that a Certificate of Public Convenience and Necessity should be, and hereby is, granted to TELLISS to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for the interexchange business services of TELLISS consistent with the principles and procedures established for alternative regulation of long distance business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and modified by Order No. 2001-997. Following the modification of the alternative regulation by Commission Order No. 2001-997, this form of regulation is commonly referred to by the Commission, Staff, and others as “modified alternative regulation.”

Under the Commission approved modified alternative regulation, the business service offerings of TELLISS, including consumer card services, operator services and private line services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

However, pursuant to Order No. 2001-997 issued in Docket No. 2000-407-C, this Commission has modified the previously approved alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme known as modified alternative regulation, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to TELLISS also.

3. With regard to any residential interexchange service offerings of TELLISS, the Commission adopts a rate design that includes only maximum rate levels for each tariff charge. The Commission has previously adopted a rate structure incorporating maximum rate levels. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

4. With regard to residential interexchange service rates, TELLISS shall not adjust its residential interexchange service rates below the approved maximum levels without notice to the Commission and to the public. TELLISS shall file its proposed rate



changes, publish notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances that do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of TELLISS' subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2001).

5. If it has not already done so by the date of issuance of this Order, TELLISS shall file its revised interexchange tariffs and accompanying price lists within thirty (30) days of receipt of this Order. The revised tariffs shall be consistent with the findings of this Order, and shall be consistent with South Carolina law, including the Commission's Rules and Regulations.

6. TELLISS is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. With regard to TELLISS' interexchange services, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. TELLISS shall resell the services of only those interexchange carriers or LECs authorized by this Commission to provide telecommunications services within the State of South Carolina. If TELLISS changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, TELLISS shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, TELLISS shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

10. TELLISS shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The annual report and the gross receipt filings will necessitate the filing of intrastate information. Therefore, TELLISS shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. The form to be used in filing annual financial information with the Commission may be found at the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). The two-page form TELLISS is required to use in which to file the required information is entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS." Be

advised that the Commission's annual report form requires the filing of intrastate revenues and intrastate expenses.

11. TELLISS shall, in compliance with Commission regulations, designate and maintain authorized utility representatives who are prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, TELLISS shall provide to the Commission in writing the names of the authorized representatives to be contacted in connection with general management duties as well as emergencies occurring during non-office hours.

TELLISS shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form TELLISS is required to use by which to file the authorized utility representative information may be found at the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). This form is entitled "Authorized Utility Representative Information." Further, TELLISS shall promptly notify the Commission in writing if any representatives are replaced.

TELLISS shall also file with the Commission a copy of its general Bill Form as required by S.C. Code Regs. 103-612.2 and 103-622 (1976 and Supp. 2001).

12. TELLISS shall conduct its business in compliance with Commission decisions and Orders, both past and future.

13. With regard to TELLISS' request for a waiver 26 S.C. Code Regs. 103-610 of the Commission's Rules and Regulations, TELLISS is hereby granted a waiver of 26 S.C. Code Regs. 103-610. Further, TELLISS may keep its books and records

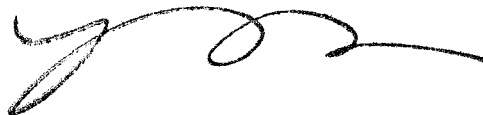
according to Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA), as requested. As to TELLISS' request for a waiver of 26 S.C. Code Regs. 103-610 (1976) so that it may maintain its records outside of South Carolina, TELLISS is granted this waiver and may maintain its books and records at its headquarters office in Indiana, on the condition, as agreed to by TELLISS, that these records be made available for examination by the Commission at reasonable hours and at the expense of TELLISS. Finally, TELLISS may keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

14. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff with information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15<sup>th</sup>.

15. TELLISS is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

16. This Order shall remain in full force and effect until further Order of the Commission.

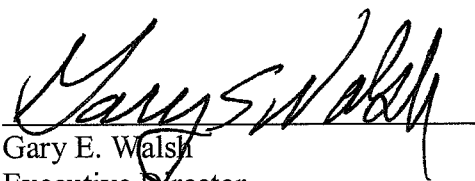
BY ORDER OF THE COMMISSION:



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Mignon L. Clyburn  
Chairman

ATTEST:



Gary E. Walsh  
Executive Director

(SEAL)